

House Study Committee on Reforming Real Property Taxation

December 5, 2018 Meeting Summary

The House Study Committee on Reforming Real Property Taxation met on Wednesday, December 5, 2018 in room 403 of the Capitol. This meeting was intended to discuss and deliberate the recommendations the committee has received. During the meeting, the committee heard testimony from the following:

- Larry Ramsey, Deputy General Counsel, Association County Commissioners of Georgia (ACCG)
- James Roberts - Partner, Fellers, Schewe, Scott & Roberts, Inc., and a member of the executive board of the Georgia Association of Property Tax Professionals (GAPTP)

Chairman Welch began the meeting by going through the documents provided to the committee members. The documents included:

- A summary of the suggested recommendations made by various stakeholders.
- A draft version of the final study committee report without recommendations.
- Suggested Changes/Additions to GA Property Tax Assessment Process submitted by the GAPTP
- Suggestions for Potential Tax Appeal Reforms submitted by Eversheds Sutherland, LLP
- 2019 Legislative Policy Statement submitted by the Georgia Association of Assessing Officials (GAAO)
- Assessment Appeal Process White Paper submitted by the GAAO
- Property Appraisal Process White Paper submitted by the GAAO
- Recommendations to the House Study Committee on Reforming Real Property Taxation submitted by the Association County Commissioners of Georgia (ACCG)
- A Homeowner's Guide to Property Taxes and Assessments from the Maryland Department of Revenue.

Chairman Welch also provided the committee with a document containing eight proposed recommendations that summarize some of the concerns he has raised and the members of the committee have raised during the study committee process. They are intended not to be overly specific, but to give general concepts to allow the legislative process to work out the details. The proposed recommendations include:

- Shifting to three-year valuations with a lock on the value except where a property owner has sold the property, made substantial improvements, or there has been substantial damage to the property and reforming the assessment notice and billing cycle accordingly.
 - Discussion:
 - Judge O'Neal - Should the term "substantial" be defined?
 - Welch – We could but I was trying to keep things broad and allow for more clarity during the legislative process.
 - Rep. Gardner – Could "substantial damage" be changed to include substantial changes to a neighborhood? Would this model keep up with change?
 - Welch – We currently are not seeing regular revaluations and that may have caused the significant increase many have seen over the years.

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This process would provide for a regular revaluation and a known assessed value for a three-year period.

- Rep. Gardner states that the Maryland law allows for an increase to be phased in over the three-year period. This would allow some relief in cases where there is a significant increase in value.
- Commissioner Powers states that the county governing authorities and school boards would still be able to adjustment millage rates and that during the three-year cycle values will rise and we will be in the same situation we are in now.
 - Welch – Currently 100 percent of the properties are assessed each year and they all have the ability to appeal. This would reduce the number of appeals each year because the values would be locked for three years.
- Allowing for more frequent review and access by DOR and requiring state certification of digests with penalties that benefit taxpayers rather than local governments. Boards of Education should not be penalized.
 - Discussion:
 - Welch – The six-year cycle prior to any penalties for deficiencies in tax digests seems to be too long and a three-year hard and fast cycle would be better. If the county digest falls outside statutory limits the schools currently get penalized, but the schools do not assess property and should not be penalized for the board of assessor's valuations being outside the statutory limits.
- Allowing for greater disclosure and transparency for taxpayers relating to the assessment process and the basis for the assessed value.
 - Discussion:
 - Welch – Taxpayers should be able to see what went into their assessment including what neighborhood you are in and what market data was used.
- Requiring taxpayers to assert their own assessed value early in the appeal process. Failure of an appealing taxpayer to participate in the administrative appeal process of his or her assessment would preclude an appeal to the Superior Court.
 - Discussion:
 - Welch - This goes to the idea of personal ownership. There needs to be an open dialogue including transparency on the side of the government and the side of the taxpayer.
 - Powers – Does not like the idea of taking something away from the taxpayer in the appeal process. We should be focusing on helping the taxpayer through the process.
 - Welch – If the taxpayer cannot assert a value then how do they know they should be appealing? They should have a value in mind and need to share that value to allow for more appeals to be resolved at the administrative level.
- Ensuring fairness between the taxpayers and government service delivery needs in the wake of a natural disaster.

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- Discussion:
 - Welch – To what extent should the law recognize that a natural disaster wipes away all value and can in fact create a deficit and result in properties that actually have negative value. It is important to recognize the lost value but the government services need to continue and there should be a balance.
 - O’Neal – Maybe a valuation methodology that takes into account the value of the insurance received following a disaster.
 - O’Neal – Maybe counties should consider an insurance product to protect from lost revenue following a natural disaster. An insurance product like this may not be available.
- To reconsider 85 percent payment on appeal and attorney’s fees rules.
 - Discussion:
 - Welch – I’m not sure of the value of allowing an 85 percent payment upon appeal. It seems to be more of an administrative headache in issuing refunds.
 - Powers – The 85 percent rule was put in to keep the taxpayer from not paying anything. The statute currently allows for the taxpayer to pay 100 percent of the previous year’s tax or 85 percent of the current year’s tax.
 - Welch – There has been discussion on capping attorney’s fees.
- Reforming the public property tax notice.
 - Discussion:
 - Welch – ACCG recommended reforming the public tax notice. The perception is that assessors will raise values so governing authorities don’t need to raise rates.
- To consider replacing BOE with state trained and paid hearing officers.
 - Discussion:
 - Welch – BOEs are certified and trained but anecdotal evidence suggests that taxpayers don’t see the BOEs as being effective. Having state trained and state paid hearing officers would allow for a more independent and sophisticated opinion on appeal cases.

Commissioner Riley stated that she will abstain from voting on recommendations due to her position within the Department of Revenue.

Larry Ramsey introduced himself to the committee and made the following comment:

- Attorney’s fees are awarded when the assessed value is found to be at least 15 percent high. On low value properties, the tax payer savings is minimal when compared to the attorney’s fees. Mr. Ramsey provided an example of an \$85,000 property that was assessed at \$100,000 and the attorney’s fees, which could be over \$10,000, would be awarded; and the taxpayer who, at 30 mills, would save less than \$200 a year.

Rep. Beskin expressed her concern with how the transition to the three-year valuation program would happen given the large number of properties that are currently frozen due to appeals. Also asked if we

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should put some restraints on the schedule the county uses to value properties? And, would people tend to sell their homes leading up to a revaluation year?

James Roberts introduced himself to the committee and made the following statements:

- Wanted to clarify that the taxpayer has the option of paying 85 percent of the proposed value or 100 percent of the previous year's value, whichever is less while under appeal. The taxpayer may also decide to pay on 100 percent of the proposed bill. The 85 percent bill has led to confusion with taxpayers, and GAPTP recommends removing the option of 85 percent.

Larry Ramsey addresses the committee again stating:

- The proposal from ACCG regarding the notice required in the taxpayer bill of rights was modest. It was not to change the fundamental purpose of the notice, but rather to change the wording to make it more clear and understandable to the taxpayer.

Chairman Welch would like to submit the summary of suggested recommendations as a part of the committee report.

Rep. Beskin made a motion to include the "Summary of Suggested Recommendations" in the committee report.

Judge O'Neal stated that he would be abstaining from a vote due to his position as Chief Judge of the Tax Tribunal.

Chairman Welch suggested that the recommendations be titled the "Summary of Recommendations Presented to the Committee." The committee then voted to include the recommendations in the report. Unanimously passed with Commissioner Riley and Judge O'Neal abstaining.